

# FUND POSITION STATEMENT

Classification: Unrestricted  
Item: D2 refers

## Summary of Fund Asset Allocation and Performance

### Superannuation Fund Committee

19th November 2010

By: Chairman Superannuation Fund Committee

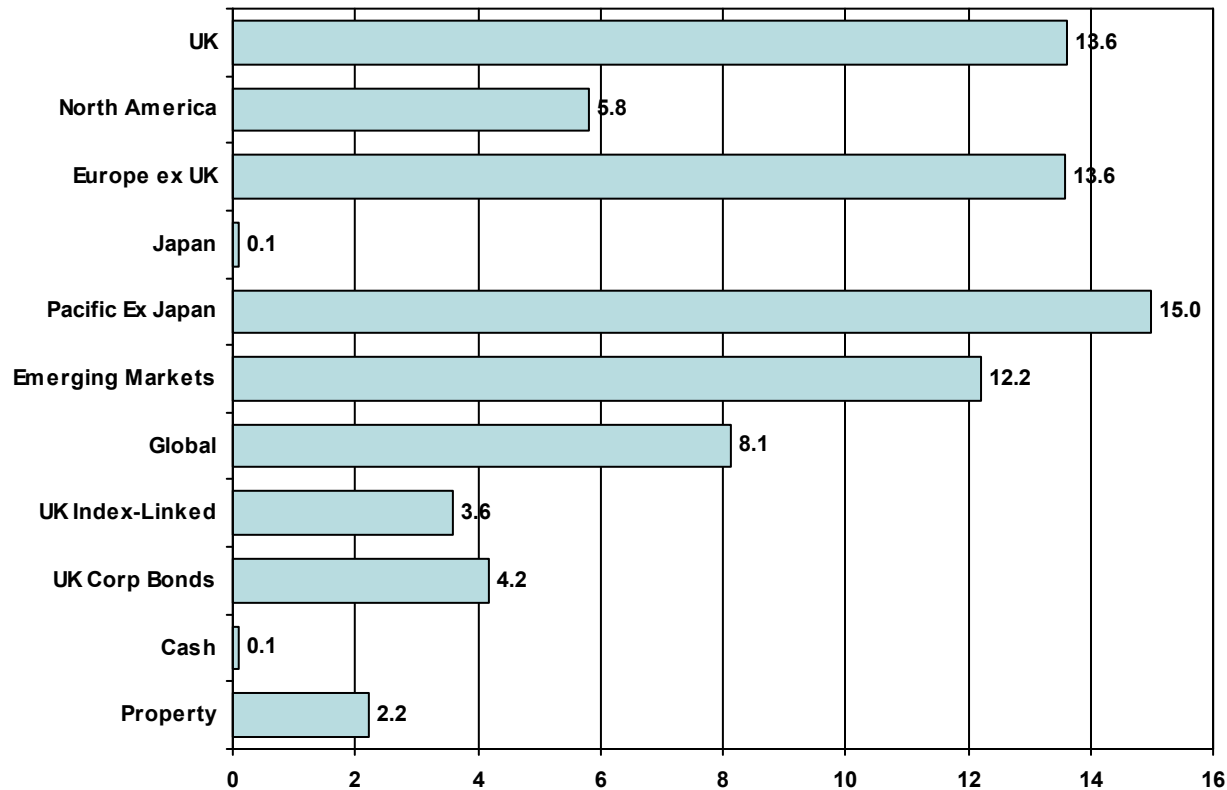
Head of Financial Services



Kent County Council  
Superannuation Fund 2010

Nick Vickers—Head of Financial Services

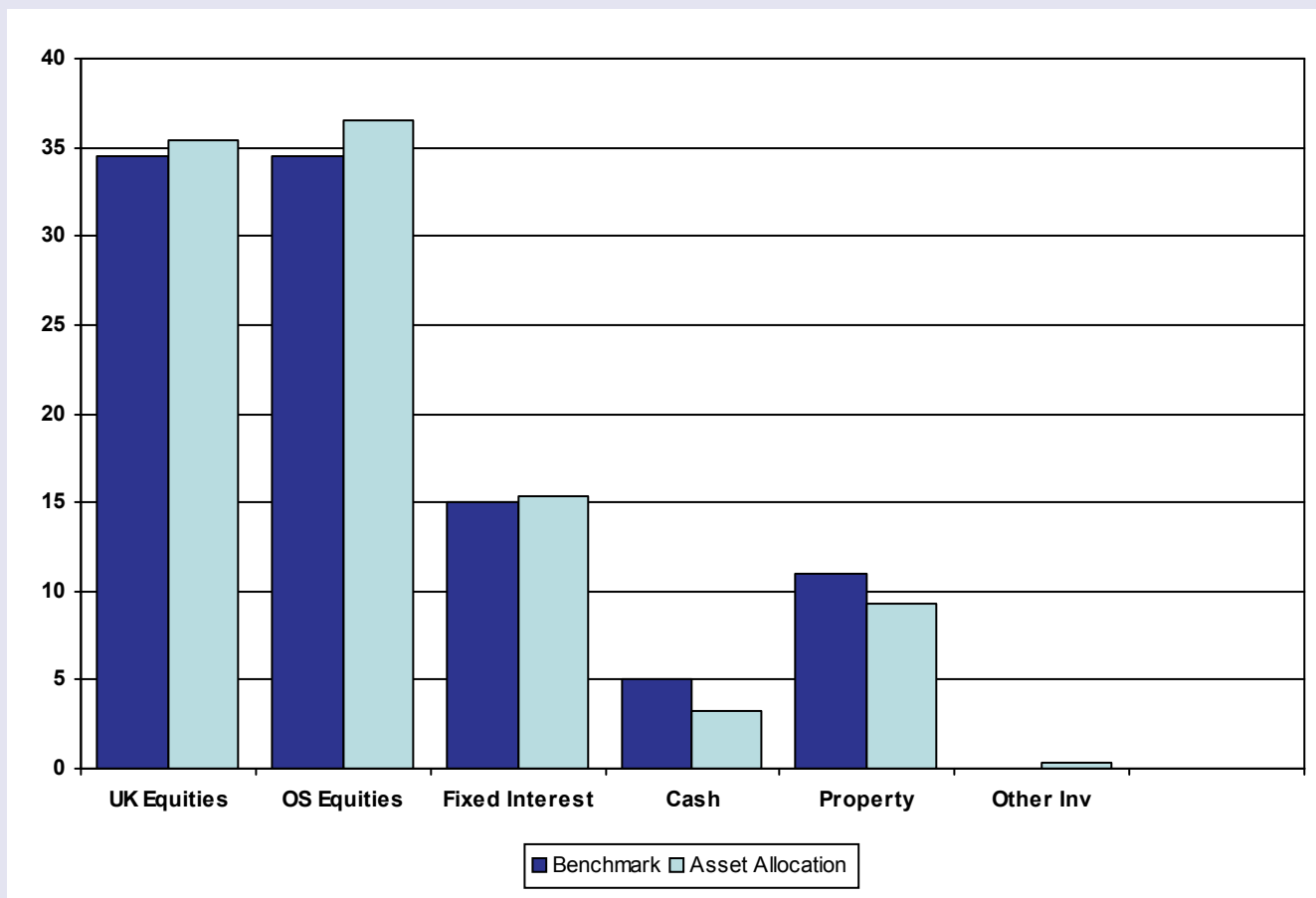
## Market Returns-3 months to 30 September 2010



- Global Equity markets rose strongly over the quarter with September being a particularly strong month as fears over a double dip recession receded. News that the US may embark on a further round of quantitative easing was a major contributing factor.
- The Pacific ex Japan region produced the best returns, closely followed by the UK and Europe.
- UK Bond and index linked markets showed steady returns over the quarter of 4.2% and 3.6% respectively.
- Property values continued to rise this quarter by 2.2%

# Kent Fund Asset Allocation vs Fund Benchmark

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85	Kent Fund		Benchmark
	£m	%	%
UK Equities	1,102	37.7	34.5
Overseas Equities	1,050	35.9	34.5
Fixed Interest	427	14.6	15
UK Property	257	8.8	10
European Property	16	0.6	1
Cash	62	2.1	5
Other Inv	9	0.3	-
<b>Total Value</b>	<b>2,923</b>	<b>100</b>	<b>100</b>

# Asset Distribution Fund Manager

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Values (GBP)'000	Mandate	Value at Capital				Value at	%	Benchmark
		30/06/2010	Transactions	Gain / loss	Income			
Schroders	UK Equity	436,185	3,792	59,316	3,809	499,294	17	Customised
Invesco	UK Equity	311,074		25,534		336,608	12	Customised
State Street	UK Equity	171,680	30,559	23,529		225,768	8	FTSE 100 All Share
State Street	Global Equity	50,851	200,850	7,077		258,777	9	FTSE All World ex UK
Alliance Bernstein	Global Equity	219,775	-228,961	9,187	1,099	0	0	MSCI World
Baillie Gifford	Global Equity	466,998	2,057	49,415	2,515	518,470	18	Customised
GMO	Global Quantitative	159,599		13,715		173,314	6	MSCI World
Schroders	Global Quantitative	123,163		11,847		135,010	5	MSCI World
Goldman Sachs	Fixed Interest	230,635	140	11,058	131	241,833	8	ML £ Broad Market
Schroders	Fixed Interest	183,236	659	4,796	659	188,690	6	ML £ Broad Market
Impax	Environmental	22,674	0	1,170		23,844	1	MSCI World
DTZ	Property UK	235,914	19,679	2,893	3,381	258,487	9	IPD All Properties Index
DTZ	Property Europe	16,674	13	-739	62	15,948	1	IPD All Properties Index
Internally Managed	Cash	54,921	-8,505	941	67	47,367	2	LIBID 7 Day Rate
Total Fund		2,683,381	20,282	219,738	11,722	2,923,401	100	Kent Combined Fund

# Performance Returns to 30 September 2010

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	Quarter		1 year		3 years	
	Fund %	Benchmark %	Fund %	Benchmark %	Fund %	Benchmark %
<b><u>Total Fund</u></b>	8.6	8.5	13.1	11.6	0.9	0.8
<b><u>UK Equity</u></b>						
Schroders UK	14.5	13.4	16.9	12.3	2.7	-0.9
State Street	13.7	13.6	12.6	12.5		
Invesco	8.2	13.6	12.0	12.5	-0.5	-1.0
<b><u>Overseas Equity</u></b>						
Baillie Gifford	11.1	9.3	17.7	8.6	5.5	1.2
GMO	8.6	8.0	8.2	8.6	-0.7	0.4
Schroders GAV	9.6	8.0	13.2	8.6	2.4	0.4
State Street	7.8	8.0				
Impax Environmental Fund	5.2	8.0				
<b><u>Fixed Interest</u></b>						
Goldman Sachs Fixed Interest	4.8	4.2	11.2	9.2	7.5	7.3
Schroders Fixed Interest	3.0	2.2	7.7	5.4	8.4	6.0
<b><u>Property</u></b>						
UK Property	2.5	2.2	31.4	22.6	-2.5	-6.7
Overseas Property	-4.1	2.2	-18.1	22.6	-11.3	-6.7

Data Source: The WM Company  
- returns subject to rounding differences

- The Fund increased in value over the quarter by £240m to £2.9bn.
- The fund marginally outperformed the benchmark over the quarter by 0.2% . This put the fund 42nd in the WM local authority rankings.
- The fund produced a return of 13.1% over the year, an outperformance of 1.5% ranking us 11th in the WM Local Authority rankings. The fund is ranked 55th over 3 years.
- Most equity fund managers outperformed their benchmarks for the quarter with Baillie Gifford being the top performer showing an out-performance of 1.8%
- GMO recovered well this quarter and have made some progress in rectifying their recent poor performance
- Over the longer term, Baillie Gifford and Schroders UK Equity performed particularly well, outperforming their benchmark by 4.3% and 3.6% respectively
- Both Fixed Interest managers outperformed their benchmark for the quarter, over 1 year and 3 years.
- Alliance Bernstein's mandate was terminated during the quarter and assets successfully transferred to Statestreet.

# Fund Structure

## UK Equities

Schroders  
+1.5%  
£499m

State Street  
+0.0%  
£226m

Invesco  
Unconstrained  
£337m

## Global Equities

Baillie Gifford  
+1.5%  
£518m

GMO  
+3.0%  
£173m

Schroders  
+3.0 - +4.0%  
£135m

State Street  
+0.0%  
£259m

Impax  
£24m

## Fixed Interest

Goldman Sachs  
+0.75%  
£242m

Schroders  
+1.0%  
£189m

## Alternative

DTZ  
UK Property  
£258m

DTZ  
Europe Property  
€19m (£16m)

Kent Cash  
£39m

Henderson  
Secondary PFI  
£7m

YFM Private  
Equity £2m

Market Value £2.9bn  
as at 30 September 2010.